

Message Text

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ACTION ARA-10

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FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 8817

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E.O. 11652: N/A

SUBJECT: LABOR UNREST - CEBOR COMPANY

REF: STATE 017892

1. EMBOFF DISCUSSED CEBOR LABOR PROBLEMS WITH NEW PROJECT MANAGER, ARNOLD P. ACKER, AND SUBCONTRACTOR AL LAMMON, PRESIDENT OF PERMIAN CONSTRUCTION CO., BOTH OF WHOM RECENTLY ARRIVED AND HAVE BEEN FOLLOWING DEVELOPMENTS. THEY SUPPLIED FOLLOWING INFORMATION:

2. CEBOR, OR C & C BOHRER CO. (AS IT IS STILL KNOWN IN ECUADOR), IS ENGAGED IN US\$6 MILLION WATER TREATMENT PLANT PROJECT FOR QUITO MUNICIPALITY. PROJECT BEGAN IN EARLY 1974; COMPLETION OF CONSTRUCTION IS TARGETED FOR 3 TO 4 MONTHS FROM NOW, AFTER WHICH U.S. COMPANY WILL REMAIN ANOTHER YEAR OR SO TO OPERATE PLANT. CEBOR CURRENTLY HAS ABOUT 670 ECUADOREAN EMPLOYEES ON OWN PAYROLL, AND ADDITIONAL 130 ON LOCAL SUBCONTRACT BASIS. SINCE EARLY JANUARY, ABOUT 100 OF THE WORKERS, LED BY WHAT OUR INFORMANTS TERMED "A FEW RABBLE-ROUSERS FROM THE COAST", HAVE BEEN ACTIVELY MILITATING FOR VARIOUS CHANGES SUCH AS: FIVE-YEAR CONTRACT; REINSTATEMENT OF ANY WORKERS FIRED, AND ANY RELEASED UPON COMPLETION OF THEIR TEMPORARY ASSIGNMENTS;

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ALLOWANCES SCALED IN PROPORTION TO SIZE OF FAMILY; GRANT

OF BONUS EQUIVALENT TO TWO MONTHS; SALARY UPON COMPLETION OF WORK; AND BETTER LIVING CONDITIONS AT WORKSITE. LABOR MINISTRY HAS STEPPED IN TO TRY TO HAVE WORKERS NAME SPOKESMEN, AGREE ON CLAIMS, AND NEGOTIATE DIFFERENCES. CEBOR IS WILLING TO COMPLY WITH ANY LABOR CODE REQUIREMENTS IT HAS NOT MET, BUT WILL NOT GO FURTHER. IN MEANTIME, SOME 350 WORKERS IVE FORMED A "CEBOR SYMPATHIZERS" ORGANIZATION, BUT ARE REMAINING PASSIVE OTHERWISE.

3. LAMMON SAYS THERE HAS BEEN NO PHYSICAL INJURY OR MATERIAL DAMAGE THUS FAR, BUT THE COMPANY HAS SUFFERED "GREAT MONETARY LOSS". PROJECT IS NOT COMPLETELY STOPPED; HOWEVER, DESPITE WORK ACTIVITY THERE HAS BEEN LITTLE PRODUCTION FOR SEVERAL WEEKS. THERE HAVE BEEN THREATS OF BODILY HARM AGAINST U.S. SUPERVISORS BUT NOT RPT NOT AGAINST THEIR FAMILIES. CEBOR HAS 10-14 U.S. FAMILIES. (COMMENT: EMBOFF SUGGESTED TO LAMMON THAT ALL THESE FAMILIES REGISTER WITH EMBASSY'S CONSULAR SECTION). ACCORDING TO ACKER, CRISIS, IF ANY, WILL COME WITHIN NEXT FEW DAYS.

4. LAMMON AND ACKER REQUESTED NO ASSITANCE FROM EMBASSY, BUT SAID THEY WOULD KEEP EMBOFF INFORMED OF DEVELOPMENTS.

5. EMBASSY COMMENT: AMONG THE CAUSES OF CEBOR'S DIFFICULTIES MAY BE THE FACTS THAT
(A) WITH THE POSSIBLE EXCEPTIONBE THE TEXACO-GULF CONSORTIUM, CEBOR IS CURRENTLY BY FAR THE LARGEST FOREIGN PRIVATE EMPLOYER IN ICUADOR, (B) CEBOR IS NOT MERELY A FOREIGN FIRM BUT ALSO, SLECIFICALLY, A U.S. FIRM, AND (C) CEBOR IS A CONTRACTOR, SCHEDULED TO BE OPERATING IN ECUADOR ONLY FOR A TOTAL OF A FEW YEARS (LABORERS WOULD PRESUMABLY BE LESS READY TO BITE A HAND THAT WAS TO FEED THEM ON A LONG-TERM BASIS).
THE EMBASSY IS MAKING INQUIRIES TO DETERMINE WHETHER THE COMPANY'S OPERATIONS ARE FULLY IN ACCORD WITH ECUADOREAN REQUIREMENTS, AND WHAT ARE THE ROOT CAUSES OF THE DISTURBANCES. END COMMENT.
BREWSTER

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